



VOLUME II, ISSUE 2

EXBS QUARTERLY NEWSLETTER

U.S. AND U.A.E. HOST GLOBAL TRANSSHIPMENT SEMINAR IN DUBAI



Over 150 representatives from 27 countries, international organizations, academic institutions, and industry gathered together in Dubai, United Arab Emirates on March 7-9, to address the risks to international trade and global security posed by diversion of proliferation-sensitive items in transshipment. The Global Transshipment Seminar was jointly hosted by the Governments of the United States and the United Arab Emirates.

The U.S. delegation was led by Mr. Vann Van Diepen, the Acting Assistant Secretary for International Security and Nonproliferation at the U.S. Department of State. And the U.A.E. delegation was led

by H.E. Dr. Anwar Gargash, the Minister of State for Foreign Affairs. The event was the largest ever EXBS-sponsored transit and transshipment seminar and was a great success in terms of the impressive group brought together and the substantive content of presentations and discussions during the seminar.

The EXBS Program was proud to host the seminar in Dubai, the Arabian Gulf's largest seaport and airport. Dubai faces many significant challenges to effectively regulating transshipment and transit trade in strategic commodities. Along with other global transshipment hubs, Dubai is at risk of exploitation by clandestine procurement organizations.

These groups evade nonproliferation barriers, international sanctions, and national strategic trade controls systems by concealing the illicit nature of their proliferation-related acquisitions in a vast amount of legitimate trade flowing through the global transshipment hubs.

To counter this threat, participants at the seminar analyzed how these illicit acquisitions occur, identified best practices to deter diversion of strategic goods to illegitimate ends, and develop a shared transshipment strategy to proactively combat proliferation procurement. *A list of ten Global Transshipment Practices is provided at the conclusion of this article.*

The global trading environment makes transshipment controls challenging to design, implement, and enforce. First, proliferators exploit legal loopholes provided by open markets and regulatory differences by routing trade through destinations with less restrictive trade controls.

Second, proliferators rely on the fact that transshipment hubs derive their revenue from facilitating trade and may have limited capacity for strategic trade controls enforcement.

Third, proliferators take advantage of the volume of trade moving through the transshipment hubs. Unlike the supplier states' licensing authorities that could take up to two months to evaluate an export license application, transshipment hubs have only a few days, if not hours, to render a licensing decision.

Finally, non-traditional technology suppliers and multiple assembly points facilitates technology diffusion increase the likelihood of proliferation-relevant transfers to and from countries of concern, and complicates international nonproliferation efforts.

Participants sought to manage these challenges and develop a strategy to combat illicit procurement efforts. Implementation of this strategy will be an intensive undertaking. However,

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EXBS NEWSLETTER

The Export Control and Related Border Security Program (EXBS) quarterly newsletter is published by the Office of Export Control Cooperation (ECC) in the Bureau of International Security and Nonproliferation at the U.S. Department of State.

The newsletter provides highlights of EXBS activities in the past quarter, introduction of new advisors, and highlights from EXBS posts in the field.

Boats laden with consumer goods on Dubai Creek.





EXBS completed 59 bilateral, regional, and international training events during the first quarter of 2011 (January to March). The newsletter provides highlights of select notable engagements.

ECC WELCOMES TDY LEGAL ADVISORS TO EXBS PROGRAM

ISN/ECC is pleased to announce that the EXBS family now includes three Temporary Duty Assignment (TDY) legal advisors: Carol Kalinoski, Orde Kittrie, and Walter Sulzynsky. Each advisor is a former U.S. Government attorney who worked extensively on export control issues and brings a wealth of diverse and practical experience to the program. ECC created these positions to reflect its commitment to continually improve the EXBS program and find better ways to engage with partners to fulfill our mandate.

Recognizing that the foundation for any strategic trade control system is the legal authority to regulate transfers of weapons and related dual-use items, we realized that we needed new approaches for engaging partners in this area. This is particularly important with respect to partners with which traditional workshops have failed to achieve results and strategic trade control foundations remain weak or incomplete even after years of engagement. Even when countries have adopted some controls, there are often substantial gaps, such as a lack of brokering, transit, and catch-all controls, as well as a lack of adequate regulations for sound procedures to enforce controls.

The TDY legal advisors will provide greater flexibility to the EXBS program and we are confident they will help us achieve legal and regulatory breakthroughs in key partner countries that will in turn help foster productive engagement in other program areas to build strong strategic trade control systems. As the advisors are represen-

tatives of ECC and the State Department, we expect that they will enjoy good access to embassy and partner country officials to better pinpoint problems and design the appropriate strategy to take in each country. They will also be able to follow up personally with foreign interlocutors to the extent needed to get the job done, with the job being the adoption of comprehensive legal and regulatory strategic trade control authorities in their assigned countries.

The advisors are off to a great start. They have already coordinated the interagency review of and comments on draft legislation in one partner country, participated in an interagency visit to another partner to review its draft regulations, and undertaken interagency coordination for updates on a template of legislative provisions for comprehensive strategic trade control controls. Please welcome them to the family.

An EXBS Legal-Regulatory training event in Tajikistan on April 4-8.



EXBS ORGANIZES REGIONAL CROSS-BORDER INTERDICTION TRAINING

The EXBS Program launched its first-ever cross border interdiction training activity between a Central Asian state and Afghanistan on March 14-17 at the Nizhny Panj bridge border crossing facility in Tajikistan. The training was designed to increase legitimate trade and strengthen border security among the countries of South

and Central Asia by helping border security and customs officers work together to interdict contraband.

EXBS staff in Dushanbe and Kabul worked closely with technical experts from the Department of Homeland Security's Customs and Border Protection to develop and implement this specialized enforcement training, which was designed to increase cross border cooperation and raise proficiency in interdiction techniques.

12 Afghan Border Police and Customs Officers and 12 Tajik Border Guards and Customs Officers participated in the training which included classroom lessons, in-the-field practical exercises, and the opportunity for the delegations to develop working relationships while staying together at the facility, which included sharing barracks and meals.

This training is the first of three planned for Central Asian and Afghan officials. The EXBS Program anticipates that Turkmenistan and Uzbekistan will participate in iterations of the training in the near future.



U.S. Ambassador to Tajikistan, Ken Gross, walks with participants.



MENTORING INITIATIVE ADVANCES CAPABILITIES OF EXBS FOCUS STATES

The EXBS Mentoring Initiative is providing a low-cost, high payoff means of capitalizing on the experience and skills of EXBS Graduate Partners (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia) to enhance the strategic trade control capabilities of current EXBS focus states.

Under this initiative, Graduate Partners already are engaging focus states as mentors. In September 2010, EXBS funded the participation of a Polish export control official in an End-Use/End-User workshop for Montenegrin officials last year where he addressed European Union (EU) end-user documentation at Montenegro's request. That initial involvement is expected to grow to include Polish support for Montenegrin efforts to capitalize on the Tracker automated licensing system currently being installed in Montenegro and broader cooperation on strategic trade controls. In February 2011, EXBS funded the travel of Polish Border Guard trainers to Podgorica, Montenegro to deliver a four-day rail interdiction course for Customs and Border Police officers who work rail border crossings and inspection yards.

Other EXBS initiatives (and travel funding) have resulted in Bulgarian export control officials hosting a seminar for Macedonian counterparts on meeting new EU transit controls in February; the Romanian export control agency, ANCEX, holding a best practices visit by Armenian Licensing Officers in March to observe how the agency processes export license requests and conducts interagency review of



Polish Border Guards train Montenegrin counterparts on rail inspections and interdictions.

such requests; and Latvian Customs and Border Guard conducting a border interdiction best practices visit in early April for Armenian counterparts as a first step toward additional collaboration in this area.

EXBS also is beginning to work with the Government of Slovenia to host a Bosnia-Herzegovina delegation in Ljubljana this summer to explore possible areas of collaboration that would benefit Bosnia-Herzegovina.

Further EXBS efforts are planned in this area, and we welcome input on how to work with other Graduate Partners through mentoring activities.

TAIWAN: A STRONG STRATEGIC TRADE CONTROLS ENFORCER

It's a little known fact that Taiwan has a strong record of criminal prosecutions of export control violators, with 18 prosecutions to date. Taiwan was able to demonstrate its

Taiwanese prosecutors address the symposium participants.



sophistication in this field to international partners during an EXBS-supported symposium on Prosecuting Strategic Trade Cases on March 7-9.

Taiwan's Judges and Prosecutors Training Institution hosted a 2-day symposium focusing on the prosecution best practices related to strategic trade control (STC) cases, with speakers from the U.S., the United Kingdom, Germany, Singapore, and of course, Taiwan. Over 110 Taiwan officials attended the symposium. This included 70 prosecutors, and two judges, with the remainder from the investigative and regulatory agencies. The case studies illustrated that the threat of proliferation has evolved to complex transnational crimes that will require more international cooperation to prosecute successfully.

For a small island whose political status prevents it from officially signing international mutual legal assistance treaties, Taiwan has shown exceptional development in the realm of STC-related prosecutions. More improvements can occur only through increased international cooperation, which EXBS will continue to support.



EXBS LAUNCHES ADVANCED CROSS-BORDER INTERDICTION TRAINING



Azerbaijani and Georgian participants in the cross-border training.

EXBS hosted an advanced cross border interdiction workshop, the first of its kind, for Georgia and Azerbaijan, on March 14. The successful training class was presented to a joint audience of Azerbaijan and Georgian border security forces at the Red Bridge port of entry, on the Georgian side of the border. Participants from Azerbaijan included the State

Customs Committee and State Border Service officials, while officials from Georgia included the Revenue Service, the Patrol Police and the Border Police.

This one day class was presented by John Ryan, a retired U.S. Customs inspector who is currently working at the US Embassy in Tbilisi as the Chief of Party for the Georgia Border Security and Law Enforcement (GBSLE) program. Topics the class covered included the detection of contraband in hidden compartments, behavior analysis, interviewing techniques, fight or flight mechanisms, and risk management. Classroom subjects were reinforced with practical exercises using tools such as fiber optic scopes and density meters.

This event highlights the importance of interagency cooperation, both with regional authorities and between U.S. agencies implementing assistance programs, such as EXBS and GBSLE). EXBS Advisor Baku Karen Chaisson seized the chance to showcase this cooperation when originally approached by EXBS Advisor Tbilisi Chuck Hiscock, based on his interaction with the GBSLE program). Many of the students had been exposed to similar training in the past, but they enthusiastically accepted this new regional opportunity.

EXBS ORGANIZES STRUCTURAL DEVELOPMENT WORKSHOP IN THE PHILIPPINES

EXBS sponsored a Structural Development and Interagency Coordination Workshop in Manila, Philippines, February 1-3. The goal of the workshop was to assist the Philippines in designing and establishing an export control organization that could effectively implement strategic export controls as required by U.N. Security Council Resolution 1540 and other international standards. The workshop gave the participants an opportunity to give advance thought and study to the interagency and administrative organization that will be needed to be established to effectively implement the legislation when enacted.

Since 2006, the Special Envoy on Transnational Crime within the Office of the President has been the primary point of contact for export control issues. Experienced senior manage-

ment personnel were assigned to manage and organize export control development within the Philippine government, and the election of a new government in May 2010 resulted in appointment of a new Special Envoy, Ambassador Rex Derequito Piad.

The Philippines' export control system continues to evolve. Proposed export control authorizing legislation is pending in both houses of Congress, and a new version of the legislation was released to EXBS during the course of the workshop. The congressional staff member who participated in the workshop were optimistic that passage would be achieved soon. In the meantime, an Executive Order addressing some aspects of strategic trade control has been recommended and is under consideration by the President.





EXBS POST IN FOCUS: MUSCAT, OMAN

The EXBS Program's engagement in the Middle East has grown significantly since its first foray into the region in 2001. U.S. Embassy Muscat in the Sultanate of Oman is home to the regional EXBS Advisor, Tyler Hoffman, and Program Assistant, Sarah Al-Riyami. From Muscat, Hoffman covers four other countries: Jordan, Saudi Arabia, the United Arab Emirates (U.A.E), and Yemen. EXBS also has active partnership programs in Lebanon, Iraq, and Egypt.

Strategic trade control work in the Middle East takes patience, flexibility, and good timing, due to often unpredictable developments in the region. It requires looking at challenges in creative ways and adapting to ever changing circumstances.

Recent highlights from EXBS's work in the region include successful engagement with Emirati ministries and enforcement agencies. Since the U.A.E passed its strategic trade



Jordanian participants in a CBP workshop in March on targeting and risk management.

control law in 2007, there has been great focus on implementation, as the Emiratis desire to adopt world-class enforcement procedures and programs. Traditionally, EXBS has done significant work in the emirates of Abu Dhabi and Dubai, the two largest trading centers in the country.

Recently, EXBS expanded its reach by partnering with U.S. Immigration and Customs Enforcement (ICE) Dubai and U.S. Customs and Border Protection (CBP) to deliver enforce-



Jordanian participants in the CBP targeting and risk management workshop.

ment training to customs officials and conduct assessments of operations in the emirate of Ras Al-Khaimah. EXBS broke new ground with these programs, as they were part of broader U.S. Government efforts to engage with port authorities outside Abu Dhabi and Dubai.

Another EXBS partner country, Jordan, stands at a major cross-roads in the region and is a key transit point for goods headed from southern Europe into Iraq and the Gulf countries, and vice versa. EXBS has an extensive engagement plan to help the Government of Jordan develop comprehensive export control legislation, update its control list, teach licensing practices for dual-use goods, and provide equipment and enforcement training.

EXBS is helping Jordan stand up its advance targeting capabilities, and recently supported back-to-back CBP-led Targeting and Risk Management seminars in both the capital, Amman, and the major port city of Aqaba. Through EXBS, the U.S. Department of Energy is assisting Jordan Customs with the development and indigenization of commodity identification training, a key skill given the challenges Jordan is facing in a challenging region.

EXBS will continue to reach out, develop partnerships, train, teach, and help the countries of the region secure their borders for legitimate trade.

GLOBAL TRANSSHIPMENT SEMINAR IN DUBAI, CONT'D

(Continued from page 1)

global prosperity depends facilitating the efficient and secure movements of goods and services and providing greater accessibility to the resources and markets.

Robust trade controls build confidence, and they enhance the country's reputation and competitiveness. A recent study commissioned by the U.S. Department of State demonstrated that strategic trade controls have no measurable negative effect on trade volumes and competitiveness (<http://www.state.gov/t/isn/ecc/c42405.htm>).

Successful implementation of transshipment controls relies on international cooperation and information sharing.

Unless transshipment controls are adopted and applied internationally, proliferators will continue to find the "weakest link," undermining the integrity of the global non-proliferation regime. In other words, transshipment controls are with us to stay.

Mr. Van Diepen and Mr. Friedman present tributes of appreciation to H.E. Dr. Gargash and Amb. Hamad Al Shamsi of the UAE Ministry of Foreign Affairs.





GLOBAL TRANSSHIPMENT SEMINAR BEST PRACTICES

(Continued from Page 5)

- Develop ability to license or authorize export, re-export, transit and transshipment of listed and unlisted goods to destinations of concern and ensure strategic trade controls apply to free trade zones;
- Require licensing of transshipments for all munitions and nuclear items;
- Ensure catch all authority applies to all items in transit and transshipment when there is a suspicion of a WMD end-use.
- Improve targeting and risk management through advanced manifest collection consistent with WCO SAFE Framework;
- Strengthen indigenous capacity for targeted industry outreach;
- Commit adequate resources to proliferation-related training for customs and enforcement officers;
- Establish adequate authorities and capabilities for inspection of suspicious cargo, including employment of non-intrusive technologies;
- Set up adequate authorities for inspection and disposal of cargo of proliferation concern, consistent with authorities in relevant UNSCRs;
- Institute effective penalties for violations; and
- Adopt mutual assistance agreements and information-sharing arrangements with trade partners and counterparts.

NEW EXBS PROGRAM ADVISORS



Greg Bates joined the EXBS Program in February 2011 as the EXBS Advisor to **Mexico**. Mr. Bates previously served as the chief of U. S. Central Command's Interagency Plans Division; the director of operations for a defense contractor providing law enforcement, border management and intelligence services in Iraq and Afghanistan; the director of the stability operations division at the U.S. Department of State Foreign Service Institute; and other positions in U.S. Embassy Baghdad. Mr. Bates is a retired U.S. Marine Corps officer with 22 years of experience with joint and combined intelligence operations. He has extensive experience with political/military analysis and strategy development, governance and economic capacity building, political/military negotiations, intelligence collection operations and analysis, exercise and training simulations.



Craig Olson began his assignment as EXBS Advisor to **Bosnia-Herzegovina, Montenegro, and Serbia** in February 2011. He is posted to U.S. Embassy Belgrade. Mr. Olson retired from U.S. Customs and Border Protection (CBP) with over 34 years of experience. He held positions as a Patrol Officer (Detroit), Inspector (Winnipeg, Minneapolis, Port Huron), Operational Analysis Specialist (St. Louis), Supervisory CBP Officer (St. Louis), Port Director (Winnipeg), Assistant Area Director (Great Falls) and Course Developer/Instructor at the CBP Academy. Mr. Olson was also an advisor/instructor for the Counter-Proliferation of Weapons of Mass Destruction Program (RADACAD) at the Pacific Northwest National Laboratory in Richland, Washington, where he trained American and foreign border officers, many who were attending the training through the support of EXBS.

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ABOUT EXBS

The Export Control and Related Border Security (or "EXBS") Program is the United States Government's premier initiative to help other countries develop and improve their strategic trade and related border control systems.

The EXBS program takes a regional and multilateral approach, promoting harmonization of national export control systems with international standards. The program also organizes a number of regional and international fora to bring national policy-makers and technical experts together to share information and establish best practices.

For more information about EXBS Activities, please contact Ms. Valerie Reed at reedvm@state.gov.